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CANADA'S YOUNG FAMILY HOME-OWNERS



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1981 Census of Canada

CANADA'S YOUNG FAMILY HOME-OWNERS

Published under the authority of the Minister of
Supply and Services Canada

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Canada 1984

February 1984
8-5200-744

Price: Canada, \$5.50
Other Countries, \$6.60

Catalogue 99-939

ISBN 0-660-51278-5

Ottawa

INTRODUCTION

Given the choice, most Canadians would probably prefer to own their homes. Indeed, according to the 1981 Census, close to two-thirds of all households are already home-owners.

Traditionally, the family has been the prime consuming unit of non-rental housing in Canada. The motivations for owning a home are varied and many: for some it is the pride of ownership; for others it is a long-term investment; and for many families - young families in particular - it is simply a basic need for adequate shelter to "raise a family", very much in the same manner that they grew up in their parental homes.

In the 1970s, Canada experienced significant socio-economic changes. Divorces were on the increase after the liberalization of divorce laws in the late 1960s, yet new families were formed and women entered the labour force in increasing numbers.

Into this background of changes entered the post-war baby-boom generation (those born between 1946 and 1966). Now grown-up, these young Canadians left schools, colleges and their parental homes *en masse* to establish their own households. They flooded the labour market in great numbers, testing the economy's ability to create new jobs. Brought up in an era of general prosperity and growing consumerism, these young adults had great expectations. Not the least of these expectations was owning a home. For the young people who married and started to have children, the attainment of this goal was all the more important. How this generation of young families have fared in their pursuit of home ownership in a rapidly changing social milieu is the subject of this study.

Of Families and Young Families

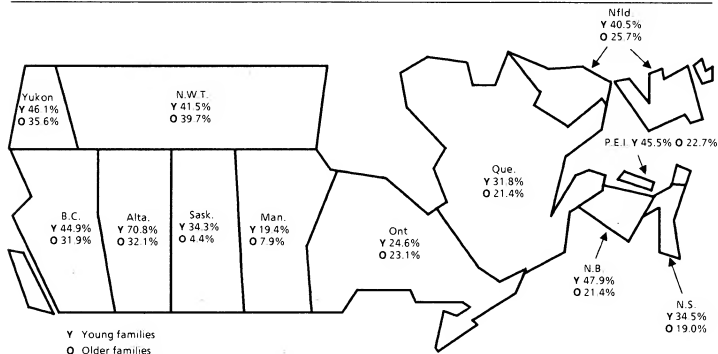
In 1971, there were 4.8 million primary families in Canada. In this study we are referring to "primary" families (see Notes section for definitions). Of these, 1.8 million (39%) were young families, and by this we mean husband-wife families in which the wife is between 15 and 35 years of age, or lone-parent families in which the parent is in the same age group. By 1981, the number of primary families increased to 6 million. Much of this increase is attributable to the formation of young families. Indeed, in the last 10 years, the number of young families has jumped by 34%. In 1981, there were 2.4 million young families, representing 40% of all families in Canada. The dramatic increase in young families as compared to older families is depicted in Chart 1.

In many ways, the increase in young families is a consequence of the post-war baby boom. Already in 1971, some of the baby-boom generation had come of age, left their parental homes and formed families of their own. Throughout the 1970s the process of family formation continued, in spite of significant changes in social values, increases in divorces, and a marked tendency for a lot of people to live alone, or at least to defer marriage till a later age.

The predominant type of family in Canada, regardless of age, has been and still is husband-wife families with children at home. (Children here refer to never-married sons and daughters, including adopted and step-children, regardless of age, living in the same dwelling as their parents.) In 1981, these families represented 58% of all families, down from 65% in 1971. But there are other kinds of families as well.

Chart 1

**Percentage Increases in Young and Older Families,
Canada, Provinces and Territories, 1971 - 1981**



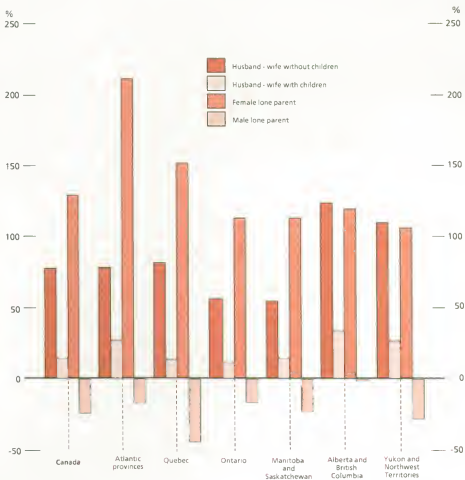
Source: 1971 Census of Canada, unpublished data
1981 Census of Canada

There are female lone-parent families, male lone-parent families and, of course, husband-wife families without children at home. Throughout this study we will be referring to these kinds of families when we speak of young families. For now, suffice it to note that the most significant change between 1971 and 1981 has been the 63% increase in female lone-parent families.

When it comes to young families, there has been a 125% increase in female lone-parent families. This rate of increase is double the overall rate for all female lone-parent families. Husband-wife families without children at home also increased by about 75%, a much higher rate than the 20% increase in husband-wife families with children at home. Male lone-parent families are the only type that decreased over time (see Notes section for more details). The changes for different regions in Canada are portrayed in Chart 2.

Chart 2

**Percentage Change in the Different Types of Young Families,
Canada and Regions, 1971 - 1981**



The Young Family Home-owners

Since 1971, the home ownership rate among young families has increased at a much faster rate than among "older" families. About 1.4 million young families were home-owners in 1981. This represents an ownership rate of close to 60%. A decade ago, only about 864,000 young families owned their own homes and these made up slightly less than 50% of all young families. By contrast, the ownership rate among older families increased from an already high rate of 75% in 1971 to about 80% in 1981.

The ownership rate differs from one type of young family to another and from region to region across Canada (see Chart 3). In 1971 and 1981 the highest rates were reported for husband-wife families with children at home, in contrast to relatively low rates for lone-parent families (most of whom were headed by female lone parents). While ownership rates for husband-wife families in general increased between 1971 and 1981, the rate for lone-parent families decreased, except in the Western provinces.

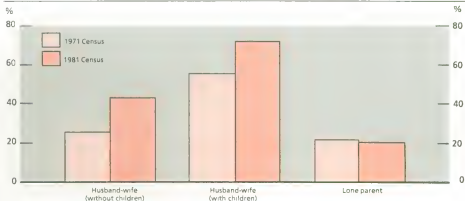
Potential Home Buyers

The ownership rate also implies the tenancy rate. Thus, a high ownership rate among husband-wife families with children at home tells us that there are relatively fewer tenant families in this group. Conversely, the low ownership rate among lone-parent families implies that many of these families were renting their dwellings.

Tenants are potential home buyers. Although the home ownership rate has increased appreciably for young families in the period between the last two decennial censuses, it is still some 20 percentage points lower than the rate observed for older families. Thus, much of the future demand for owner-occupied dwellings is likely to depend on young tenant families and their ability to afford housing on their own. This, in turn, will be influenced by social, economic and demographic factors.

Chart 3

Rates of Home Ownership Among Young Families by Family Type, Canada, 1971 and 1981



Source: 1971 Census of Canada, unpublished data
1981 Census of Canada

Where They Live

About three-quarters of Canada's young families live in urban areas, and about two-fifths live in large urban centres with a population of 500,000 and over (see Chart 4). Of all young families living on rural farms or in rural non-farm areas, three-quarters are husband-wife families with children. Most female lone-parent families (approximately 9 in 10) live in urban areas, a proportion higher than for other types of young families.

Across Canada, the incidence of home ownership is higher in rural areas than in urban areas. This urban-rural difference holds for young families as well. In rural farm areas, the ownership rate for young families is as high as 90%. It is likely that family farms are passed on from generation to generation, although such statistics are not available from the census.

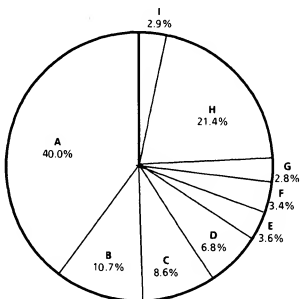
The home ownership rate decreases as the population in the area becomes larger. In urban areas with a population of 500,000 or more, only half of all young families own their homes. For female lone-parent families, the overall ownership rate is at 18%; yet, once again, almost 9 in 10 who live in rural farm areas own their homes.

Young Families Prefer Single Houses ...

The high rate of home ownership is a clear indication of the preference for owner residences. At the same time, the high incidence of single houses among young owners indicates that this type of housing is their first choice. Overall, close to four-fifths of all young owner families lived in single houses in 1981. But the proportion living in single houses is not uniform among the different types of young owner families. It was highest among husband-wife families with children at home (slightly more than four-fifths), and lowest among female lone parents (almost two-thirds).

Chart 4

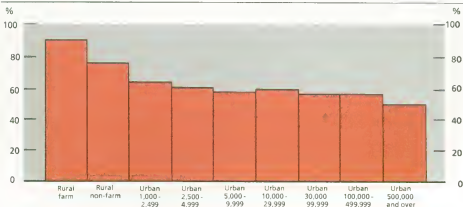
Where Young Families Live, 1981 (Percentage distribution by urban size groups, rural non-farm and rural farm of young families, Canada, 1981)



- A Urban 500,000 and over
- B Urban 100,000 - 499,999
- C Urban 30,000 - 99,999
- D Urban 10,000 - 29,999
- E Urban 5,000 - 9,999
- F Urban 2,500 - 4,999
- G Urban 1,000 - 2,499
- H Rural non-farm
- I Rural farm

Chart 5

Rates of Home Ownership Among Young Families, Urban Size Groups, Rural Non-farm and Rural Farm, Canada, 1981



Source: 1981 Census of Canada

In the 1981 Census, more young families reported ownership of single houses than in the 1971 Census. But the percentage of young owner families living in single houses has actually declined, although slightly, from 84% in 1971 to 79% in 1981. By and large though, the pattern is similar in both censuses, that is to say, husband-wife families with children at home consistently report a higher ownership rate of single houses than do lone-parent families in general and female lone-parent families in particular.

.... but Not Many Opt for Condominiums

Generally, a condominium refers to a multi-unit residential complex in which dwellings are owned individually, while land is held in joint ownership with others. As a form of home ownership, the condominium is a relative newcomer to the Canadian housing market. The 1981 Census data show that condominium owners represent about 3% of all home-owners in Canada. Among young families, the overall ownership rate of condominiums is 3%, but climbs to 11% for female lone-parent families. The proportion of husband-wife families occupying condominium dwellings is much lower (about 5% for husband-wife families without children at home and just under 3% for husband-wife families with children at home).

Many Own Newer Dwellings ...

Slightly more than half of young owner families occupy dwellings built since 1971. Husband-wife families without children at home are more likely (38%) than other types of young families (e.g., 28% for lone-parent families) to own dwellings built between 1976 and 1981.

... and are Generally Well-housed

Housing quality can be looked at in a number of ways, from the number of rooms a house contains to the kinds of repairs needed to keep it functioning. Since the majority of young owner families live in newer homes, their dwellings generally do not need major repairs. Among dwellings occupied by husband-wife families with or without children at home, less than 6% require major repairs. Among female lone-parent families the percentage is somewhat higher at 10%.

Table 1

Housing Conditions for Canada's Young Family Home-owners by Family Type, Canada, 1981

Selected characteristics	Family type				
	Total young family home-owners	Husband-wife families without children	Husband-wife families with children	Total lone-parent families	Female lone-parent families
Percentage with	%	%	%	%	%
Single house	79.4	76.6	80.6	66.4	65.0
Dwelling with					
1-3 rooms	1.4	2.6	1.0	2.6	2.5
4-5 rooms	29.4	35.0	27.8	35.6	36.8
6-9 rooms	63.3	58.2	64.8	57.2	56.5
10 or more rooms	5.9	4.1	6.4	4.6	4.3
Crowded dwelling (more than 1 person per room)	0.7	0.2	0.8	0.9	0.9
Dwelling requiring					
major repairs	5.8	5.3	5.7	9.6	10.2
minor repairs	16.2	16.4	15.9	21.5	21.3
Dwelling built in					
1961-70	13.9	11.7	14.3	14.7	15.1
1971-75	22.8	16.9	24.2	24.6	24.9
1976-81	32.9	38.5	31.6	27.9	27.7
Dwelling which is part of a condominium*	3.5	4.9	2.9	9.9	11.1
Number of young family home-owners	1,452,225	289,340	1,124,330	38,560	31,730

* Non-farm dwellings only. Strictly speaking, condominium is a form of ownership rather than a dwelling characteristic

Not only are the dwellings in good condition, they are also spacious enough for family living. Almost two-thirds of our young families live in dwellings with six to nine rooms. While few young families occupy larger dwellings with ten or more rooms (less than one in ten), fewer families live in smaller dwellings with one to three rooms (about one in a hundred).

Having "adequate" living space for the family is one thing, enjoying more "personal space" is another. One indicator of "personal space" is the crowding index, which simply put, is the number of persons per room. An index of one or less means there are at least as many rooms in the dwelling as there are

occupants - in this case family members - and there is no crowding. Conversely, an index of more than one means there are more family members than rooms under the same roof and there may not be enough personal space for each family member.

In this regard, Canada's young owner families are probably the envy of their counterparts in many other countries. Regardless of family type, and of the presence of children at home, less than 1% of our young families across the nation experience "crowding" (by our standard) under their roofs.

Table 2

What Young Family Home-owners Paid on Average for Monthly Mortgage and Shelter Expenses by Family Type, Canada, Provinces and Territories, 1981

	Total young family home-owners	Family type			
		Husband-wife families without children	Husband-wife families with children	Female lone-parent families	Male lone-parent families
	\$	\$	\$	\$	\$
Canada	505	555	494	430	493
Newfoundland	302	367	294	279	429
Prince Edward Island	362	375	358	432	299
Nova Scotia	394	433	387	342	412
New Brunswick	352	379	349	273	387
Quebec	443	468	438	373	451
Ontario	538	579	529	470	500
Manitoba	456	488	449	381	404
Saskatchewan	470	502	467	342	466
Alberta	642	703	627	508	657
British Columbia	578	634	567	466	494
Yukon	553	536	568	352	492
Northwest Territories	512	532	504	517	626

Source: 1981 Census of Canada.

All told, these statistics depict a generally favourable picture in terms of the housing conditions for the majority of Canada's young owner families.

Mortgages ...

Much has been said in recent years about high mortgage interest rates and their dampening effect on house sales and residential housing starts. The fact is that most households need a mortgage to finance the purchase of a home. Young families, many of whom are presumably relatively new home-owners, are no exception. Almost 9 in 10 of these families have an outstanding mortgage on the dwellings they owned and occupied at the time of the 1981 Census, an increase from 8 in 10 in 1971.

Interestingly, the proportion of lone-parent families with a mortgage on their dwellings is slightly lower than the proportion for husband-wife families in both censuses.

Having a mortgage on the dwelling means having to service a debt. The more common form of mortgage repayment in Canada has been monthly payments on outstanding principal and interest. In some cases, the monthly payment includes property taxes. Under this type of mortgage financing, the household is not only paying interest on the mortgage every month but is also building up equity through repayment of principal. It seems safe to assume that the majority of young owner families with an outstanding mortgage would be paying principal and mortgage interest on a monthly basis.

... and Other Shelter Expenditures

There are, of course, other shelter-related expenditures. These include electricity bills, heating bills other than electricity, water and other municipal bills (if any). Together, these expenditures make up the major expenses that the majority of young home-owning families face. (Other expenses include insurance on the property and household effects, and the varying amounts that must be spent on repairs and general maintenance. However, details on this type of expenditure are not available from the 1981 Census.)

On a monthly average basis, young families spent \$505 in 1981 on the major items of shelter-related expenditures including mortgage payments which, in most cases, include the principal and the interest. At the national level, the average monthly payment was highest for husband-wife families without children at home (\$555), and lowest for female lone-parent families (\$430).

Generally, shelter expenditures were higher for young families in Alberta and British Columbia than for their counterparts elsewhere in the country. Regional differences are summarized in Table 2.

The Question of Affordability

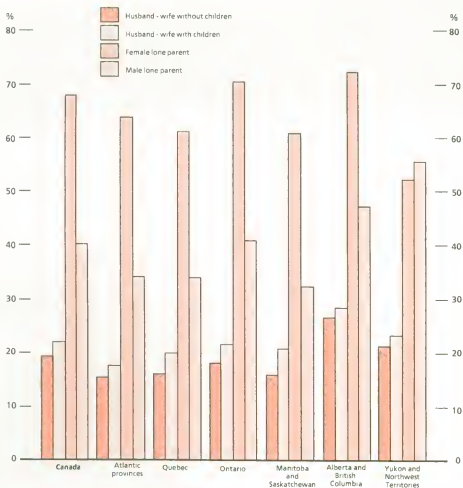
The conventional yardstick for determining affordability is the percentage of income a family has to spend on shelter expenditures, with the cut-off point set at 30%. That is to say, a family spending 30% or more of their family income (gross income before tax and other deductions) is considered to have an affordability problem.

The 1981 Census data revealed that the costs of home ownership are affordable for the majority of our young owner families. Close to two-thirds of these families spent less than 25% of their income on shelter expenditures. If the families spending between 25% to 29% of their incomes are included, then the proportion of families without affordability problems would be almost as high as 80% in Canada.

On the other hand, 2 in 10 young families may have experienced some hardship in maintaining ownership of their homes. Young families headed by female lone parents were the hardest pressed. Just over two-thirds of all female lone-parent families in Canada spent 30% or more of their income on shelter expenditures. Regional differences are depicted in Chart 6.

Chart 6

**Percentage of Young Family Home-owners Likely to Have Home Affordability Problems*
by Family Type, Canada and Regions, 1981**



* Paying 30% or more of their income for mortgage and shelter expenditures
Source: 1981 Census of Canada

Male lone-parent families generally fared better than female lone-parent families across the nation, except in the Yukon and Northwest Territories. (But note that the sample size in the Yukon and Northwest Territories is quite small.) Compared with husband-wife families, however, lone-parent families, regardless of the sex of the lone parent, were not as well-off in terms of their ability to afford home ownership.

As a group, husband-wife families without children fared best. Less than 20% of these families had an affordability problem except in Alberta and British Columbia, where one in four of these families experienced some hardship. A slightly higher percentage

of husband-wife families with children had affordability problems, ranging from just over 17% in the Atlantic provinces to about 28% in Alberta and British Columbia.

Average Family Income

As can be seen from Table 3, the incomes of young home-owning families vary according to the type of family and from province to province. Generally, husband-wife families without children had the highest annual income in 1980 (about \$32,000 at the national level), whereas female lone-parent families had the lowest (under \$12,000).

Table 3

Average Family Income in 1980 for Young Family Home-owners by Family Type, Canada, Provinces and Territories, 1981

	Total young family home-owners	Family type			
		Husband-wife families without children	Husband-wife families with children	Female lone-parent families	Male lone-parent families
	\$	\$	\$	\$	\$
Canada	28,453	32,372	27,963	11,637	21,345
Newfoundland	21,666	25,491	21,459	7,026	16,064
Prince Edward Island	20,932	21,258	21,171	9,036	24,243
Nova Scotia	22,894	26,042	22,719	9,951	17,754
New Brunswick	22,004	24,981	21,925	8,103	15,370
Quebec	27,323	30,042	26,944	11,757	21,404
Ontario	29,655	33,748	29,122	12,427	29,897
Manitoba	25,608	29,532	24,992	11,473	19,844
Saskatchewan	26,021	29,048	25,934	10,346	19,544
Alberta	32,136	35,907	31,690	13,163	23,296
British Columbia	31,337	35,550	31,014	11,196	24,081
Yukon	33,608	35,584	33,885	7,700	6,717
Northwest Territories	31,239	34,149	30,890	10,845	43,231

Source: 1981 Census of Canada

The average income for all young owner families was highest in the Yukon (just under \$34,000), followed by Alberta (about \$32,000), the Northwest Territories and British Columbia (both at around \$31,000). Ontario's young home-owners averaged about \$30,000 while their counterparts in Quebec and the Atlantic provinces averaged under that amount, ranging from about \$21,000 in Prince Edward Island to about \$27,000 in Quebec.

The average 1980 income of male lone-parent families was generally much closer to the average income of husband-wife families with children than to the average income of female lone-parent families. Perhaps it comes as no surprise that the average family income of young families with affordability problems was generally lower than that for families without the same problem. For example, husband-wife families without children who spent less than 15% of their family income on shelter expenditures averaged \$40,427 a year in income. In contrast, female lone-parent families whose shelter expenditures amounted to 50% or more of their income averaged only \$6,036 a year.

The Home Ownership Dream ... Concluding Remarks

About 60% of Canada's young families are home-owners. Wherever they live, in town or in the country, these young home-owners generally enjoy a high standard of housing. Equally important, the costs associated with owning a home are within the affordable range to the majority of these young families. But there are some less-privileged home-owners, in particular families headed by female lone parents, for whom the costs of home ownership do impose a certain degree of financial hardship.

And then there are the young families who are renting their dwellings. They comprised 40% of all young families in Canada in 1981. Collectively, they form a pool of potential home buyers. As long as the family remains the prime consuming unit in the housing market, these young families' decision to purchase homes of their own would be a boost to the housing industry in Canada.

NOTES

1. A CENSUS FAMILY refers to a husband and a wife (with or without children who have never married, regardless of age), or a lone parent of any marital status, with one or more children who have never married, regardless of age, living in the same dwelling. Persons living in a common-law type of arrangement are included in the counts of husband-wife families in this study.
2. All family counts in this study refer to PRIMARY CENSUS FAMILIES in ONE-FAMILY PRIVATE HOUSEHOLDS only. This selection criterion renders it possible to maintain equivalent counts among families, households and dwellings throughout the study. These families represent about 95% of all census families in 1981.

The census definition of PRIMARY CENSUS FAMILY has changed between 1971 and 1981. In 1971, a PRIMARY CENSUS FAMILY is the family of the household head, who is not necessarily the person responsible for household payments. In 1981, a PRIMARY CENSUS FAMILY refers to the family in which a person responsible for household payments - mortgage, or taxes, or electricity, etc. - is a member.

Readers should note that this change in concept and in the derivation of PRIMARY CENSUS FAMILIES has affected the comparability of data between 1971 and 1981. Since it is not possible to identify the person responsible for household payments in the 1971 Census, it may be that some families were classified as PRIMARY CENSUS FAMILIES even though the household head was not responsible for household payments.

3. A YOUNG FAMILY is a husband-wife family (with or without children) in which the age of the wife is between 15 and 35 years, or a lone-parent family in which the lone parent, regardless of sex, is in the same age category. "Young" and "older" are imprecise adjectives and may have different connotations for different readers. The use of such terms throughout the study is a matter of convenience, and is not intended to refer to anything other than the above definition.

The age selection criterion for wives in husband-wife families and for female lone parents is predicated upon trends in childbearing. Vital statistics indicate that about 95% of children are born to women 35 years or younger. From this point of view, the delineation of young families in this study is quite representative of that generation of young mothers.

4. All figures in this study are weighted sample estimates from the 1971 and 1981 Censuses of Canada.
5. There is an apparent overestimation of MALE LONE PARENTS in the 1971 Census data. Contributing factors could have been: the change from enumeration by Census Representatives to self-enumeration, a change in reporting by respondents, certain data processing procedures, etc. The figures have not been adjusted in this study.
6. Figures concerning shelter expenditures in this study pertain to PRIMARY CENSUS FAMILIES in ONE-FAMILY PRIVATE HOUSEHOLDS OCCUPYING NON-FARM DWELLINGS only.

7. The calculation of average shelter expenditure includes those cases in which the family household incurred no cash payments, regardless of income.
8. Figures for owner's major payments as a percentage of family income exclude families who reported a loss or had no income in the calendar year immediately preceding the relevant census.
9. Family income refers to the total incomes of all members of the family (including the incomes of children 15 years and over at home, if any).

The calculation of average family income includes cases in which the family reported a loss or had no income in 1980.

10. Urban area refers to an area having a population concentration of 1,000 or more and a population density of 400 or more per square kilometre.

Rural area refers to all territory lying outside "Urban Areas".

Rural farm population includes all persons living in rural areas who are members of the households of farm operators living on their farms for any length of time during the 12-month period prior to the census.

Rural non-farm population refers to all persons living in rural areas who are not members of farm operator households living on their farms.

Canada has taken a census of population every ten years from 1851 and every five years from 1956. The last census was taken on June 3, 1981. The census data constitute the most important single source of information on the population of Canada by many geographic areas from the national and provincial levels down to smaller groups such as cities, towns and municipalities. These data include: information on the number of people who live in Canada; their characteristics such as age, sex, marital status, language, educational level and occupation; number and types of families; and types of dwellings. Census information is used for a variety of purposes by private individuals, governments at all levels, educational institutions, business people and other organizations.

As part of a program to supplement 1981 Census statistical reports, a special series of popular studies has been undertaken on selected topics of public interest. Each study is a description of major trends and patterns. The data used are from the 1981 Census and other relevant sources. This series is designed for use at the high school and community college levels. However, it could also be of interest to the general public.

CANADA'S YOUNG FAMILY HOME-OWNERS is one of the reports in this series. It brings together under one cover highlights of information about young family home-owners. Other studies in the series are being published at about the same time or within the next few months.

The initial manuscript for this study was prepared in the Social Statistics Field by Oliver Lo.

Editing services were provided by Federal and Media Relations Division. Census Operations Division, in cooperation with Production and Support Services Division, coordinated the design, composition and printing.

